



COMMONWEALTH OF AUSTRALIA

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## SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION  
COMMITTEE

**Reference: Members of Parliament (Life Gold Pass) Bill 2002**

FRIDAY, 23 AUGUST 2002

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE**  
**FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE**  
**Friday, 23 August 2002**

**Members:** Senator Mason (*Chair*), Senator Murray (*Deputy Chair*), Senators Brandis, Faulkner, Forshaw and Heffernan

**Participating members:** Senators Abetz, Carr, Chapman, Controy, Coonan, Eggleston, Evans, Ferguson, Ferris, Harradine, Harris, Knowles, McGauran, Mackay, Marshall, Murphy, Payne, Ray, Ridgeway, Sherry, Tchen, Tierney and Watson

**Senators in attendance:** Senators Brandis, Faulkner, Harris, Heffernan, Mason and Murray

**Terms of reference for the inquiry:**

Members of Parliament (Life Gold Pass) Bill 2002

**Committee met at 9.36 a.m.**

**CHAIR**—I declare open this public hearing of the Senate Finance and Public Administration Legislation Committee. The hearing is part of the committee's inquiry into the proposed Members of Parliament (Life Gold Pass) Bill 2002. On 17 July 2002 the committee advertised the inquiry in the media, in addition to inviting submissions from a number of organisations and individuals. The committee also wrote to all current senators and members advising them of the inquiry and inviting submissions. The committee has received 63 submissions, all of which have been published. Copies can be obtained from the committee secretariat or downloaded from the committee's webpage.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds in which any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly otherwise provided. I further remind officers that an officer of a department of the Commonwealth or of a state should not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of them to a superior officer or to a minister.

Evidence to the committee is protected by parliamentary privilege. This means that witnesses are given broad protection from action arising from what they say and that the Senate has the power to protect them from any action which disadvantages them on account of the evidence given before the committee. I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee prefers to conduct its hearings in public; however, if there are any matters which witnesses prefer to discuss with the committee in private, we will certainly consider that request.

[9.38 a.m.]

**BOYD, Mr Brian, Senior Director, Performance Audit Services Group, Australian National Audit Office**

**COCHRANE, Mr Warren John, Group Executive Director, Performance Audit Services Group, Australian National Audit Office**

**CRONIN, Mr Colin, Executive Director, Performance Audit Services Group, Australian National Audit Office**

**CHAIR**—I welcome officers from the Australian National Audit Office as our first witnesses here this morning. Mr Cochrane, before I invite my colleagues to ask questions, would you like to make an opening statement?

**Mr Cochrane**—Our reason for being here today really comes from our August 2001 report—Audit report No. 5 2001-02: *Performance audit: parliamentarians' entitlements: 1999-2000*. That report was conducted at the request of the Senate. It looked at a number of entitlement areas, including the retirement area and life gold passes. With the guidance of the Senate, we took the approach on all the entitlement areas of looking at the authority for entitlement spending, the administrative system around how the entitlements were identified and paid and, like all good auditors, we looked for proper acquittal and sign-off on the expenditure actually incurred and the management systems for reporting those in terms of better aspects of accountability.

In doing so we have focused on administration and the Department of Finance. We certainly, as you made quite clear in your opening comments, do not go to policy issues. I guess that is doubly so for the Audit Office. I definitely stress that today in terms of looking at legislation. Our attitude is that that is the parliament's right and the Audit Office merely does its work in conveying whether the legislation is being complied with.

Our submission outlines some of the main features of the audit around the life gold pass issues or retirement privileges. Basically, as one would expect from any auditor, we looked for clarity in terms of what the policy was and then looked at whether the policies and the rules had been carried out and whether there was proper acquittal of that expenditure. Our submission to the committee basically outlines some of the areas where we felt the administrative areas lacked some clarity from a policy point of view. It identified some deficiencies in the administration and raised quite clearly the imbalance between sitting members and senators as opposed to retired members and senators having their travel costs tabled.

We have also raised a number of issues dealing with the administration that Finance enters into in providing retired members and senators with management reports concerning expenditure so that they are in a better position to actually acquit that travel. We felt there was some room for improvement in some of those areas. With that introduction, I am quite happy to take questions.

**CHAIR**—I might start, if that is all right. You mentioned the Audit Office's report on parliamentarians' entitlements, audit report No. 5 2001-02. In that, you criticised the department's management of the life gold pass travel entitlements. Has the department changed its administration of those entitlements subsequent to your report?

**Mr Cochrane**—We have not been back formally to look. We are aware that they have taken measures to improve the timeliness of their management reporting back to members and senators so they are in a better position to be able to acquit the travel. But as you will see from the report, basically the department disagrees with recommendation 17, which was the main

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recommendation that we made about remuneration and retirement travel. I think the reason that they have basically disagreed with that is that there is quite a deal of policy that needs to be sorted out in their view before they can actually go through and tighten up on some of the administrative areas.

**CHAIR**—Do you think that the bill before this committee reflects the gist of the recommendations in your report?

**Mr Cochrane**—I think that—without commenting on policy issues too much—we certainly see that there is at least some improvement in tightening up the clarity between the pre-1976 and the post-1976 arrangements in terms of bringing in uniform arrangements. That should make it somewhat clearer. The fact that the act is there will make the policy position much clearer. There are some differences from the approach that we have taken in our report in the way we were recommending the system be tightened up. I would not suggest that one way is necessarily better than the other. The main differences in the report relate to the fact that we made some recommendations based on the examination of the position in overseas parliaments about the fact that we felt there should be a financial cap on some of the entitlements. That would make it easier to administer and budget for, and basically the financial management would be better. But, once again, it is up to the parliament to decide whether a financial cap or a cap on the number of trips is sufficient.

There are certainly some areas that we focused our recommendation at Finance on in terms of improving their administration. But the other policy area that we had some difficulty with in terms of clarity was the difference between the way that the requirements for Comcar and taxis and so forth were set out as opposed to the mainstream aircraft—

**CHAIR**—The issue of scheduled services?

**Mr Cochrane**—Yes—scheduled travel services.

**CHAIR**—The essence of this bill is to seek to cap pre-1994 entitlees to 25 return trips a year. Will that result in a reduction of public expenditure? I ask that question because I know some people have reportedly used many more than 25 return trips a year. Of the people who are entitled, how many do use more than 25 trips a year? In fact, how much will the public purse save if it is reduced—if the cap is 25 trips a year? Mr Cochrane, do you know that?

**Mr Cochrane**—It would be difficult to say with any surety. The total expenditure is about \$2 million a year and, obviously, there is a much smaller number of ex-parliamentarians in that pre-1994 group.

**Mr Boyd**—It will vary. It is difficult to say looking forward. In the year we looked at—1999-2000—there were not many retired parliamentarians who actually took more than 25 trips. If you look at the table in our report, figure 4.7, you will see the range. A lot of them were in the expenditure range of less than \$20,000 and most of those people—simply because of the cost of the trip—were not taking more than 25 trips per year anyway. The other problem with that is that we cannot be sure that Finance is capturing all the data, so we need to qualify any comments we make on that ground as well. With scheduled travel, for example, rail passenger services were not being picked up.

**Senator FAULKNER**—Which passenger services?

**Mr Boyd**—Rail passenger services—things such as the former Australian National, which we sold. Some retired parliamentarians identified to Finance that they had taken trips on this and were not being picked up in the management reports. Equally, the management reports in the year we looked at were on a cash basis rather than accruals, but the entitlement works on an accruals basis. Therefore, the analysis we did on the data has to be taken with some

qualifications on that ground. But, having said all that, the chance that there was a great deal of expenditure not tapped I think you would have to say was quite slim.

**CHAIR**—Thanks, Mr Boyd.

**Senator MURRAY**—Mr Cochrane, could you read recommendation 17 for us?

**Mr Cochrane**—It is a long recommendation. It reads:

ANAO recommends that Finance improve the administration of retirement travel entitlements by:

- (a) clarifying the basis for retirement travel privileges provided other than under the Remuneration Tribunal Determinations;
- (b) documenting administrative procedures that ensure adherence to any limits or restrictions on travel by retired Parliamentarians and their spouses;
- (c) examining the merits of expanding the public reporting of Parliamentarians' travel costs to include the cost of retirement travel entitlements;
- (d) providing retired Parliamentarians with timely, accurate and comprehensive information on the use of their entitlements; and
- (e) implementing effective procedures for the monitoring and enforcement of limits on retirement travel, and taking prompt recovery action where travel is not within entitlement.

**Senator MURRAY**—Were you surprised that DOFA disagreed with that recommendation?

**Mr Cochrane**—Yes, we were, although I guess the issue for DOFA, as I mentioned earlier, was how much they can actually change at the administrative level without appropriate policy support. In other words, they felt more comfortable with us recommending that policy be changed and then they could actually change their administrative arrangements.

**Senator MURRAY**—It could be argued, couldn't it, that subsequent changes by DOFA and this bill indicate that the government has agreed with that recommendation and is moving to address those issues?

**Mr Cochrane**—I think in substance, yes, there have been changes.

**Senator MURRAY**—So their knee-jerk reaction, in effect, has been changed by subsequent events—that is my view of it.

**Mr Cochrane**—Yes, and I think they wanted to make it clear, because they have disagreed with just about all the recommendations, that they did not see it entirely as an administrative fix.

**Senator MURRAY**—The Auditor-General's Office covers the entire public sector and is familiar with the terms and conditions of employment of all public sector employees and government business enterprise employees—as a general statement. Can you indicate for the committee what travel benefits apply for the public sector overall?

**Mr Cochrane**—I would have said in short summary that, for most of the public sector, the only travel benefits relate to business associated with the duties of office.

**Senator MURRAY**—But for someone who has retired or left the department of health, the defence department and so on, what travel benefits would they get?

**Mr Cochrane**—None.

**Senator MURRAY**—None?

**Mr Cochrane**—Yes.



**Senator MURRAY**—So the standard the federal government applies to public sector employees is that their retirement packages consist solely of superannuation—there are no other benefits?

**Mr Cochrane**—Yes.

**Senator MURRAY**—That is in marked contrast, isn't it, to parliamentarians and former parliamentarians?

**Mr Cochrane**—Yes.

**Senator MURRAY**—Was it ever the practice in the past that public sector employees might get travel benefits; for instance, people who worked for Qantas or the railways when they were owned by government?

**Mr Cochrane**—I could not say with any surety going back to Federation, but it is certainly not my recollection.

**Senator MURRAY**—So, on your recollection, public sector employees have never had retirement benefits of these kinds?

**Mr Cochrane**—For the 20 or so years I have been in the APS, that would be true.

**Senator MURRAY**—In that respect, for parliamentarians to get travel benefits means they are out of step with the standards which apply to the public sector?

**Mr Cochrane**—It is probably not a judgment that I could—

**Senator MURRAY**—The one lot gets it and the other lot does not. That is true, isn't it?

**Mr Cochrane**—It is certainly different, yes.

**Senator HARRIS**—Could you, for the benefit of the committee, inform us whether the bill actually creates any new appropriations or any new parliamentary benefits that have not previously been there.

**Mr Cochrane**—It is not something we had looked at specifically, but not that I can see. It is more to limit the older grandfathering positions.

**Senator HARRIS**—Would you undertake to go back and have a review and inform the committee if you find that your answer is not correct?

**Mr Cochrane**—Yes, certainly.

**Mr Boyd**—Our understanding is that it will create a new appropriation within this particular bill, but the funds that were previously spent on these entitlements were already spent under appropriations. It just would appear that they will now be spent under this one appropriation rather than being drawn from various appropriations.

**Senator HARRIS**—Would there have been merit for auditing purposes if, in drafting the bill, all appropriations had been actually brought together from one particular area, thus making it far more transparent for the public and also enabling it to be far more accurately administered by your departments?

**Mr Cochrane**—It is certainly one of the issues that the report raises. There are a number of agencies involved in the provisions of the entitlements. Therefore, it is very difficult with one view to see the range of entitlements and expenditure and to say how much it is costing us to maintain members and senators. Where we find that to be a real issue is where there are a number of departments engaged in the same type of entitlement as well: for example, printing. It makes it very difficult to trace back.

**Senator HARRIS**—Finally, in the submission from the member for Denison, Duncan Kerr, he makes the point that it may be inappropriate for Reps or this committee to be actually looking at this issue; that it would be far more appropriate for that to be done by an independent tribunal. What would be your position in relation to that?

**Mr Cochrane**—Very difficult. I think, certainly as part of it, the Remuneration Tribunal needs to be involved in these things. I do not know whether there is any limitation on the committee looking at any issue. It is what happens at the end of the issue. Whether there is a conflict of interest or not, I will leave for wiser people to judge.

**Senator FAULKNER**—But surely what the parliament giveth the parliament can taketh away?

**Mr Cochrane**—Yes, that is true.

**Senator HARRIS**—With respect, I think the inference there was from a public point of view. It would be more acceptable if an independent tribunal was doing the inquiry. I think that is the thrust.

**CHAIR**—Such as the Remuneration Tribunal?

**Senator HARRIS**—Yes.

**Senator FAULKNER**—Mr Cochrane, I want to ask you about one element of the bill that this committee is examining. You would be aware, no doubt, that the Leader of the Government in the Senate, Senator Hill, referred this bill in the early hours of one morning to this committee. I am not sure why; he was not sure at the time either. There is one issue that I am interested in and I do not know whether the Audit Office would have a view on it or not. I refer you to page 5 of the bill, part 1, section 4, which is definitions. The definition of spouse is:

Spouse, in relation to a person, means the person's legally married husband or legally married wife.

In the Parliamentary Entitlements Act 1990, section 3, under the definitions, there is a very different definition of spouse. It says:

'spouse', in relation to a member, includes a person who is living with the member as the spouse of the member on a genuine domestic basis although not legally married to the member.

I wondered whether the ANAO had a view about the appropriateness or otherwise of the definition of spouse as it appears in this particular bill.

**Mr Cochrane**—I do not think we have necessarily formed a view in relation to this particular bill. My first reaction to that would be to ask the question whether it is consistent with other forms of legislation that we go through. We talk about benefits, pensions and how we define spouse in those other pieces of legislation. We are quite happy to feed back to you on that. I think there needs to be some consistency across legislation when we talk about spouses.

**Senator FAULKNER**—That is the point. There is no consistency between the Parliamentary Entitlements Act in terms of the definition of spouse and what is contained in this particular bill.

**Mr Cochrane**—In that case the answer would be that it would be preferable to have some consistency.

**Senator FAULKNER**—Most people would accept that principle. That is a very fair answer to my question. Let me ask the obvious follow-up question. You can be consistent with the definition in this bill or you can be consistent with the definition in the Parliamentary

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Entitlements Act, which goes to the spouse being someone who is legally married or a person who is living with another person as the spouse of the member on a genuine domestic basis although not legally married.

**CHAIR**—Sorry to interrupt. Mr Cochrane is trying to be helpful but these are bordering on policy questions, which are difficult for Mr Cochrane.

**Senator FAULKNER**—I hear the point that Mr Cochrane makes which I think is a reasonable one. I think most agree consistency of definition across legislation is important but this seems to be one of those issues. The follow-up question to Mr Cochrane will go to the financial implications of any such change. I am sure you would appreciate that. I know that you always understand where we are likely to go with this sort of questioning. You are very astute on those matters, Mr Chairman.

**CHAIR**—Thank you, Senator Faulkner.

**Mr Cochrane**—My immediate reaction would be to say that at least with the Entitlements Act the parliament has had a chance to debate that and settle the definition in that act. That would be an indicator to me of where the basis should be.

**Senator FAULKNER**—Fair enough. Is it fair to say in relation to this particular bill that the general thrust of the bill will contain or cap entitlements?

**Mr Cochrane**—Yes, I think it is a fair thing to say.

**Senator FAULKNER**—The only risk with looking at this issue in relation to the definitional issue is that there may be some additional cost borne by the Commonwealth if we applied a consistent definition between the Parliamentary Entitlements Act and the Members of Parliament (Life Gold Pass) Bill definition. Would that be a matter of concern to the Australian National Audit Office? There are issues of principle here of course which you have talked about and I accept.

**Mr Cochrane**—The only matter of concern that we would ever have is that there is a nice clear position about what the parliament expects. As long as there is a clear position we can then go out and audit against that clear position and report back. I think that is about as much as I could offer there. In terms of whether the costs would actually increase, I think it would be more of a question of how long a piece of string is. I just could not respond to that because obviously we have not done that sort of analysis.

**CHAIR**—There was some speculation in the press about the use of gold pass entitlements for the pursuit of commercial purposes. Are you satisfied that the department is rigorous enough in enforcing that stricture?

**Mr Cochrane**—We felt an important aspect of a good internal control system was that there was an end certification that the travel had actually been taken in accordance with the entitlement. The report makes the point quite clearly that that is not happening to the level that we would expect in a good system. The reports and finance need to be timely. They need to be out there for the retired parliamentarians to be able to say, ‘Yes, I did undertake that travel, and it was not for a commercial purpose,’ and to be signing off—with at least that minimum level of control.

**Mr Boyd**—The other thing we looked at more broadly in chapter 3 was whether certification was valuable. For example, the usual comparison with these things is taxation administration. When you have self-assessment type procedures, you often have post-assessment auditing and checking. In a way, it is a bit of a stick behind the carrot, just so

people know there is a possibility that their certifications could be examined. It provides an added incentive to make sure people properly examine what they are signing off on.

**Senator FAULKNER**—So an individual life gold pass holder would sign such a certification?

**Mr Boyd**—They are currently asked to sign such a thing, but it is not a requirement. Our understanding from Finance is that this is the key control they rely upon. Our assessment was that, if it is a voluntary control which is not being complied with, it is not much of a control at all. It would seem to us that either you improve that aspect or you look at doing something different.

**Senator BRANDIS**—I turn to former members of parliament who are gold pass holders and use their entitlements for party political purposes. For instance, I imagine that, when Mr Hawke was traipsing around the country doing the Hawke-Wran review of the ALP, he was using his gold pass entitlement. He was not doing that for personal profit, of course, but is it within the guidelines for a former politician to perform voluntary services of a party political nature on the gold pass?

**Mr Boyd**—My understanding is that, under the arrangements we examined, yes: the only prohibition was that it not be used for a commercial purpose. I am just running my eye over the bill again, because I do not recall that the bill changes that; I believe it defines what a commercial purpose is and, therefore, that is the only prohibition.

**Senator BRANDIS**—So that is the only prohibition?

**Mr Boyd**—That is my understanding.

**CHAIR**—So it could be used for holidays?

**Mr Cronin**—I think that is spelt out in the 1993 determination, which just says ‘non-commercial’. So the test is that.

**Senator FAULKNER**—But, Senator Brandis, you of course checked with Mr Hawke before you informed the committee that, on each and every occasion, you assumed that he travelled on and used his life gold pass for whatever activities he was engaged in? You were able to check that before you asked that question?

**Senator BRANDIS**—No, I am making an assumption, Senator Faulkner.

**Senator FAULKNER**—You are indeed making an assumption.

**Senator BRANDIS**—I made that plain in the question.

**Senator FAULKNER**—I, of course, never make such assumptions.

**CHAIR**—As I said before, you can make the claim that it is in the public interest.

**Senator FAULKNER**—No, I just never make such assumptions. Generally, I think most of our former prime ministers—on both sides of politics—do a great deal of activity that is in the public interest.

**CHAIR**—I accept that.

**Senator FAULKNER**—So if that was a deliberate and intended slur on your part, I do not accept it. I do not accept it in relation to Mr Hawke nor in relation to other retired prime ministers, on either side of politics.

**Senator BRANDIS**—Senator Faulkner, it was not a slur at all. I agree with you entirely that former prime ministers work for the public good—

**Senator FAULKNER**—Very well, we are in heated agreement.

**Senator BRANDIS**—but I point to the anomaly about which, apparently, we are not in heated agreement: using these entitlements purely for party political purposes.

**Senator FAULKNER**—You do not know what my view on those matters is. At the moment, you are checking with the ANAO about the use of the entitlement. Mr Cochrane has been able to inform you—because you were ignorant on these matters before you came here—that the life gold pass is not to be used for commercial purposes.

**CHAIR**—Gentlemen, we might just move on.

**Senator BRANDIS**—Yes.

**CHAIR**—Gentlemen from the Audit Office, thank you very much.

[10.12 a.m.]

**FULTON, Ms Deborah, Policy Officer, Ministerial and Parliamentary Services, Department of Finance and Administration**

**GAVIN, Mr John, Special Adviser, Ministerial and Parliamentary Services, Department of Finance and Administration**

**MASON, Ms Jan, General Manager, Ministerial and Parliamentary Services, Department of Finance and Administration**

**CHAIR**—I welcome officers from the Department of Finance and Administration. Before I invite my colleagues to ask questions, would any of you like to make an opening statement?

**Ms Mason**—No, thank you. We believe that the explanatory memorandum and second reading speech adequately address the issues although we are of course happy to assist the committee by answering questions.

**CHAIR**—Thank you very much. I think you were here before when the Audit Office gave their evidence. It is right to say that in their report they criticised the department's management of life gold pass travel entitlements on the basis of transparency, travel certification and requirements. What administrative changes has the department undertaken subsequent to that report to ensure that the process is accountable and managed correctly?

**Ms Mason**—In terms of increased transparency, the travel costs for former senators and members are now tabled on a six-monthly basis, as announced by the Prime Minister on 27 September last year. The first of those documents was tabled in December 2001. In terms of other improvements, we now produce monthly management reports for former prime ministers. We pursue certifications by former senators and members.

**Mr Gavin**—We do it on a six-monthly basis. We used to do it on an annual basis. The process of tabling has made the whole thing much more rigorous in terms of both transparency, as Ms Mason said, and things like certification and accountability.

**CHAIR**—Are there any further changes to administrative arrangements in the pipeline or anything your department is planning to do in line with the proposed legislation?

**Ms Mason**—In general terms it is true to say that Ministerial and Parliamentary Services constantly seek better ways of administering the entitlements. Wherever we can improve our own internal practices, we constantly seek to do so. It is a constant search. As Mr Cochrane mentioned, policy changes are not within the department's authority, and where matters do involve a change in policy we require the government's approval to do that.

**CHAIR**—Just before—you may have heard me—I asked a question about the use of entitlements for commercial purposes. What do you do to check whether a parliamentarian is using their entitlement for a commercial purpose? What is the process?

**Ms Mason**—The process is in the certification that we receive in relation to the travel costs that appear in the proposed tabling statement. Short of shadowing former senators and members and observing their activities, it is difficult for us to ascertain whether or not the travel has been undertaken for commercial purposes.

**CHAIR**—I understand that.

**Senator HARRIS**—I would like DOFA to, for clarity, let the committee know what the entitlement of the spouses who are travelling with anybody who has a gold pass is, be they judiciary or parliamentarian.

**Mr Gavin**—I am not in a position to answer any question regarding the judiciary, which is administered by the Attorney-General's Department. But a life gold pass holder is entitled to be accompanied by his or her spouse, and he or she travels at the same class of travel as the senator or member.

**Senator HARRIS**—My understanding is that a current standing member's spouse is restricted to nine allocations for travel from their place of residence to Canberra. Why is there such a discrepancy between that of a serving member and that of a person holding a gold pass?

**Mr Gavin**—That entitlement is determined by the Remuneration Tribunal. Indeed, at the moment the 25 trips for former senators and members is determined by the Remuneration Tribunal, and I am not in a position to answer that.

**Senator HARRIS**—Thank you.

**Senator FAULKNER**—Ms Mason, you may have heard the questions I asked the Audit Office about the inconsistency in the definitions of 'spouse' between that which is contained in the Parliamentary Entitlements Act—and let me be frank about it: it is a definition that I think is far more contemporary and sensible—and the one that is proposed in this particular bill. In other words, I am talking about whether a person who lives with a member as a spouse of that member on a genuine domestic basis although not legally married to the member falls under the definition. That definition has worked pretty well, hasn't it, in the Parliamentary Entitlements Act?

**Mr Gavin**—I am not sure what 'works pretty well' means but I am unaware of any problems that it has caused.

**Senator FAULKNER**—You would be aware of the different definition that is proposed in the bill that is before this committee now?

**Mr Gavin**—There is a different definition but one needs to recognise the context. This bill is being introduced largely to put a standardisation, if you like, across the whole set of retired entitlements and to limit what is currently an unlimited entitlement. It is about putting a lid on things.

**Senator FAULKNER**—I accept that. I think I said that earlier. That is the general thrust of legislation.

**Mr Gavin**—Yes, and it seemed to me that you were also recognising that to extend the definition from the one that has been applied in this area would be to increase the entitlement.

**Senator FAULKNER**—I accept that is a possibility if there are people who are in what is commonly described as a de facto relationship.

**Mr Gavin**—Yes.

**Senator FAULKNER**—Nevertheless, while that might be the case, I am concerned—a concern, I might say, that is now shared by the ANAO—about the inconsistency between the definitions in the Parliamentary Entitlements Act and what is proposed in this bill.

**Mr Gavin**—There is no question that they are different. But I think one has to also recognise, if one is talking consistency, that the Parliamentary Entitlements Act is about sitting senators and members, and this bill is about retired senators and members.

**Senator FAULKNER**—I see: by the time you have retired you should have actually fronted up to either a priest, a minister or a marriage celebrant and done the right thing. Come off it!

**Mr Gavin**—I was simply making a point about consistency.

**Senator FAULKNER**—What is the difference? Could you explain yourself? That is the only way I can possibly say it.

**CHAIR**—Senator Faulkner, I hate to interrupt and I do not usually do this. It is difficult for Mr Gavin because this is squarely a policy issue. I understand the point you are making, but it is very difficult for Mr Gavin to answer that.

**Senator FAULKNER**—Mr Gavin knows me well; he is used to me.

**CHAIR**—So am I; that is the problem.

**Senator FAULKNER**—Do not worry too much; he is much easier going than you are.

**Ms Mason**—As Mr Gavin said, there is a difference between the PE Act definition and that contained in the bill. However, in terms of consistency, the definition of ‘spouse’ in the bill seeks to continue the definition of ‘spouse’ that currently applies to life gold pass holders. So it does not seek to expand; it maintains that consistency.

**Senator FAULKNER**—I appreciate that point and I understand it. But there are issues here in relation to being consistent with some current legislation, such as the Parliamentary Entitlements Act and the guidance and authority that provides for us. There is legislation in relation to codifying certain matters, which is what this life gold pass bill does, which is positive. Not only is that a step in the right direction but I think capping entitlements is a step in the right direction, and I am not ashamed to say so. But this does appear to be an anomaly that is right out of step with both the approach in the Parliamentary Entitlements Act and, frankly, trends in modern society—I can say that without any spin at all. But you think that is a policy question, Chair.

**CHAIR**—I think it is.

**Senator FAULKNER**—Anyway, thanks for that information. Is it true that the federal government told former Senator Mal Colston to restrict his taxpayer funded travel?

**Mr Gavin**—I am unaware of that at the departmental level.

**Senator FAULKNER**—I am quoting a newspaper article. You are not aware of that?

**Mr Gavin**—Not at the departmental level.

**Senator FAULKNER**—Are you aware that former Senator Colston’s wife was, according to this article, ‘grounded’?

**Mr Gavin**—No.

**Senator FAULKNER**—Are you aware of whether Colston was asked to use frequent flyer points to reduce the cost of his travel?

**Mr Gavin**—The Remuneration Tribunal determination has an exhortation to do so, but that applies to all senators and members and indeed all former senators and members. I am unaware of a specific request to Senator Colston.

**Senator FAULKNER**—In relation to frequent flyer points?

**Mr Gavin**—Yes.

**Senator FAULKNER**—Because he is an expert in frequent flyer points, isn’t he? So you know of no government efforts to contain Colston’s travel?

**CHAIR**—Senator Faulkner, I think when you start talking about individual senator’s claims and entitlements—

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**Senator FAULKNER**—I am not talking about any individual; I am talking about an individual holder—and a very discredited one—of a life gold pass.

**CHAIR**—I am not sure you are entitled to ask questions about an individual's claims and entitlements in relation to the bill before us. Perhaps it is an estimates question.

**Senator FAULKNER**—I do not think so. This is a perfectly reasonable question. If anyone has brought discredit on the way parliamentary entitlements are used, former Senator Colston is the one.

**CHAIR**—That may or may not be the case. I am just concerned that we are getting into debates about individual senators here. It is not our usual approach in a matter of legislative review.

**Senator FAULKNER**—But why did the government refer this bill to the committee?

**CHAIR**—Because it was appropriate that we look at it.

**Senator FAULKNER**—What particularly did the government want us to have a look at?

**Senator BRANDIS**—I raise a point of order, Mr Chairman. It is not for members of the committee to interrogate you. There is a point of order. People are here to ask questions of witnesses. If there is a point of order, let it be taken. If it is not a point of order, I suggest we move on.

**Senator FAULKNER**—Are you ruling on that silly point of order?

**CHAIR**—What Senator Brandis said is correct. I am just concerned about your line of inquiry when you talk about individual senators. I am not sure this is the time and place for that.

**Senator FAULKNER**—I am asking what I think are perfectly reasonable questions about the way this particular entitlement is administered. Given the government was so keen for this bill to come before the committee—no one can inform me why it was done at 4.13 one morning—I thought I would just take advantage of the government's decision to ask one or two questions. Can anyone tell me whether the Director of Public Prosecutions has informed you that he would reconsider whether to proceed with the charges against Colston if he continues to travel around the country so freely on his life gold pass entitlement? Has the department been informed about that?

**Mr Gavin**—No, Senator.

**Senator FAULKNER**—Is it true that Colston spent \$6,573.55 on flights between his Brisbane home and Canberra between July 1999 and June 2000? According to this article, it was 'despite claiming he was on his death bed'. I do not know about that.

**Mr Gavin**—We have not got that detail here. I am sorry.

**Senator FAULKNER**—I thought you may have anticipated, Ms Mason, that I might ask some questions.

**CHAIR**—I do not think anyone anticipated this line of questioning.

**Mr Gavin**—We are still in the process of anticipation. We could supply this to the committee later in the day.

**Senator FAULKNER**—I would appreciate that detail of the use by Colston and his wife.

**Senator BRANDIS**—You mean Mr and Mrs Colston.

**Senator FAULKNER**—It is a strange thing that you would say that. Colston himself always likes to be referred to as Dr Colston. I just refer to him as Colston. That is as generous as I am able to be. If you could take that on notice, I would appreciate it.

**Ms Mason**—We shall do that. In terms of the information we do have with us at this moment, there was one trip undertaken in the period 2000-01 at a cost of \$992.24. But for the precise period that you have requested, we do need to make inquiries to answer that question.

**Senator FAULKNER**—I would like to ask my question on notice. Thank you very much indeed, Ms Mason, for that information. I would like my question on notice to apply from the time Colston left the parliament until the present day. Thanks very much.

**Ms Mason**—May I just correct myself? I think I said for the year 2000-01. What I actually meant was 2001-02.

**Senator FAULKNER**—I appreciate the information you have given. We will look at the figures for those years.

**CHAIR**—Mr Gavin, I asked a question a few minutes ago about the integrity of the six months reporting. I have a follow-up question. You thought that the integrity of the six months report was significant. I am wondering whether the six-monthly reports include information about the use of life gold passes by spouses.

**Mr Gavin**—The tabled reports do not. If we are talking about what is tabled in the parliament—

**CHAIR**—Yes. Why is that?

**Mr Gavin**—The reason is that the details of the spouses of sitting senators and members are not tabled. That was a policy decision and the view of the government was that really it was unreasonable to involve the details of spouse travel in the public arena.

**CHAIR**—That is of sitting members of parliament?

**Mr Gavin**—Yes.

**CHAIR**—And for life gold passes?

**Mr Gavin**—The same arrangements apply for reporting of former senators and members as it does for sitting ones.

**CHAIR**—Are life gold pass entitlements considered part of a recipient's taxable income?

**Ms Mason**—No, they are not.

**CHAIR**—There is community concern that life gold passes are overly generous. The Prime Minister, of course, has commented on this. Are there any international comparisons on sorts of entitlements that parliamentarians receive in other countries? Do you have any cross-national comparisons?

**Mr Gavin**—We have not had anything that could be relied on, except that my understanding is that this is ahead of the field.

**CHAIR**—That it is more generous than most other nations?

**Mr Gavin**—Yes.

**Senator BRANDIS**—Does that reflect a comparable level of generosity of Australian parliamentary salaries with, say, Britain or the United States?

**Mr Gavin**—I do not think so. The way this has always been approached is that it is part of a total package. There has been a long history as far as the Australian parliament is concerned

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of studies suggesting that the salaries are somewhat lower than what you would otherwise set them to be.

**Senator BRANDIS**—Is that a deliberate policy of the Remuneration Tribunal?

**Mr Gavin**—As you may recall, back in I think 1989 the Remuneration Tribunal determined higher salaries and it was the parliament that introduced the parliamentary Remuneration and Allowances Act to reduce them.

**Senator BRANDIS**—We have received many submissions, as Senator Harris has. Many submissions were from the public, you will be pleased to know, and most of them certainly were not in favour of more generous entitlements. That is a fair gloss on the evidence, I think. Some people suggested that the name ‘life gold pass’ was misleading, that this was something you carry in your wallet like a credit card and that it gave a misleading impression of generosity and so forth. Have you given any thought to changing the name of it?

**Mr Gavin**—I am certainly aware that the Clerk of the Senate suggested that it could be changed. Our concern has been much more with the substance than the title. It is a physical object.

**Senator FAULKNER**—What is it actually worth? What is the gold content of it?

**Mr Gavin**—I have been told that over the years it has dropped.

**Senator FAULKNER**—Have you checked that Colston has not melted his down?

**Senator HARRIS**—Taking up your notation of the Senate clerk, I would like to quote from Mr Harry Evans’s submission. He says:

While the bill would rationalise and limit entitlements in a particular field, that of post-retirement travel, it would add yet another statute to the various scattered sources which must be consulted in order to ascertain the entitlements of members of the Parliament. Those entitlements are now to be found in an inconvenient combination of Acts of Parliament, regulations and Remuneration Tribunal determinations ...

He goes on to elaborate on that further. Has the department put forward to the government any submissions on ways to consolidate this process and thus make it much clearer, more transparent and more accountable? I will just take your comment on that. Has the department put forward to the government any suggestions as to how to rationalise the administration?

**Ms Mason**—As I mentioned earlier, in general terms the department constantly seeks to improve its administration of the entitlements and that does include from time to time providing suggestions or advice to the government for options to improve the entitlements framework. When we do so we tend to do so in accordance with five key principles, and they are flexibility, accountability, cost effectiveness, transparency and simplicity. I think it is probably true to say that the life gold pass holder bill does not assist in rationalising the heads of authority for the various entitlements but it does seek to bring a consistent approach to the entitlements of former senators and members. In that respect, we see it as an improvement.

**Senator HARRIS**—Finally, of the 64 submissions, overwhelmingly, in almost every single one of them, the content of them was to cease the gold pass system totally. Some of them raised substantive issues as to the inconsistency between the entitlements of our retired TPIs and veterans and their entitlements. Would you have in any of your committees prior to this seen such an overwhelming public direction in relation to a bill?

**Mr Gavin**—With respect, I think that is a question for your secretary.

**Senator HARRIS**—You have copies of the submissions.

**Mr Gavin**—Yes, but it is really whether we have seen such an overwhelming response. It is really a matter for the secretary of the committee to other inquiries, I would have thought.

**Senator FAULKNER**—I think we have established, have we not, that all former Australian prime ministers are entitled to a life gold pass. All have fulfilled a sufficient qualifying period?

**Mr Gavin**—That is correct.

**Senator FAULKNER**—They are all holders of a life gold pass.

**Mr Gavin**—Yes.

**Senator FAULKNER**—Certainly Mr Hawke is entitled to a life gold pass and holds a life gold pass.

**Mr Gavin**—Yes, he holds one.

**Senator FAULKNER**—You would be aware that Senator Brandis asked a question about Mr Hawke and the Hawke-Wran review of the Labor Party a little earlier in these hearings. You heard that question?

**Mr Gavin**—Yes, I did.

**Senator FAULKNER**—Would you now confirm for the benefit of the committee that Mr Hawke used no life gold pass entitlement at any stage for any activity he was involved in during the conduct of the review?

**Mr Gavin**—I am happy to come back on that. I do not have the details of Mr Hawke's trip.

**Senator FAULKNER**—I have checked with Mr Hawke and I can confirm that, although you could say to us—I do not think this—that even if he had have used such an entitlement it is certainly within his entitlement to do so.

**Mr Gavin**—I do not want to be evasive. All I can say is that the definition of 'commercial' is set out in the bill. That is the definition that on the whole we have applied up until now in applying the determination. I am unaware of whether Mr Hawke was paid or not. I am sorry; I just do not know whether he was paid or not. If he were not paid, then it would not be commercial—that is right.

**Senator FAULKNER**—He was not paid. The point is that he did not use his life gold pass in parliament. Unlike Senator Brandis, I have checked with him. All those costs were borne either by him personally or by the Australian Labor Party. In this case, Mr Hawke, a very distinguished former Prime Minister of this country, is owed an apology.

**CHAIR**—I do not think, with the greatest respect, Senator Faulkner, that that claim was made. Rather, the question was put, which is how I understand it.

**Senator FAULKNER**—I think that before he was asked those sorts of questions about Mr Hawke, who is very much still a public figure in this country, Senator Brandis could have rung his office and checked. I certainly would if I were going to ask a similar question about Mr Fraser before I impugned anyone.

**Senator BRANDIS**—I have not impugned anyone. Mr Gavin—and the chair will rule me out of order if this trespasses into a question of policy—do you or other officers think that there is a case to be made for either expanding the definition of commercial or having further bases of exclusion from the entitlement?

**Ms Mason**—I think that is a policy matter on which we would not have a view. We see our role as to implement government policy.

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**Senator BRANDIS**—Perhaps I could come at it in a slightly different way: do you find, in administering the life gold passes, borderline difficulties in identifying commercial—and therefore excluded—travel and travel which is not excluded on that basis?

**CHAIR**—I think that question is okay.

**Ms Mason**—Certainly it is difficult for us to check whether travel has been undertaken for commercial purposes or not. We do rely on the certification from the individuals concerned.

**CHAIR**—Could I ask a follow-up question to that of Senator Brandis.

**Senator FAULKNER**—I am waiting for the apology to Mr Hawke.

**CHAIR**—The way I heard it was as a question and not as a claim that Mr Hawke did something wrong.

**Senator FAULKNER**—The question was whether Hawke did anything wrong.

**CHAIR**—That is how I understood it.

**Senator FAULKNER**—I am well aware that, even if he had not used the entitlement that he and every other former Prime Minister has, it would not be a misuse of the entitlement. We are all aware of that. The point is that he did not use the entitlement. The point is that either he or the Labor Party paid for all his expenses in relation to that matter. That ought to be put on the record and I think an apology ought to be forthcoming from Senator Brandis.

**Senator HEFFERNAN**—I think there is a great opportunity here for some coming together. If Senator Faulkner apologises to the Bailleaus, then we might be able to proceed.

**Senator FAULKNER**—I have never accused the Bailleaus of misusing their gold passes.

**CHAIR**—Could we move on.

**Senator FAULKNER**—So you are not going to apologise to Mr Hawke?

**Senator BRANDIS**—I never said Mr Hawke had done anything wrong.

**CHAIR**—Could I ask a follow-up question from Senator Brandis's question relating to certification requirements. The Prime Minister originally envisaged that the certification requirements for life gold pass users would be similar for sitting parliamentarians. Has that in fact happened? Are the certification requirements as stringent for life gold pass users as they are for sitting parliamentarians?

**Mr Gavin**—Yes.

**Senator FAULKNER**—For those with extensive parliamentary service who actually qualify for a life gold pass, there obviously comes a point of qualification.

**Mr Gavin**—Yes.

**Senator FAULKNER**—Are those entitled so informed when they reach that point?

**Mr Gavin**—Yes.

**Senator FAULKNER**—A letter is forthcoming?

**Mr Gavin**—It bothers me that you are asking this question—

**Senator FAULKNER**—Why?

**Mr Gavin**—Because, as I understand it, you would be one and you should have received a letter.

**Senator FAULKNER**—I have never been so informed. I am surprised to hear that I am one.

**CHAIR**—Congratulations!

**Mr Gavin**—I apologise.

**Senator FAULKNER**—He is just apologising—he is taking it back!

**CHAIR**—You don't get one!

**Mr Gavin**—I gather that you will qualify on 27 April 2003. Our procedures—

**Senator FAULKNER**—So I am not—

**Mr Gavin**—No, I apologise, you are not yet.

**Senator FAULKNER**—You are well in front of me, Mr Gavin. I find it quite extraordinary that you are counting and I am not, which makes it real different: normally politicians are counting all the time! I am pleased that that is the case, because I suppose I would be the only member of the committee who would currently be in that situation and I would not want you or the committee to think that my questioning was driven by self-interest because it is not—and I am sure you would appreciate that.

**Mr Gavin**—Yes, I am sorry, I thought you had been. Basically, our procedure is—

**Senator FAULKNER**—Because of that error you have made, Mr Gavin, I do not get the gold pass any earlier, I gather!

**Mr Gavin**—Unfortunately, no. What we do is write and, for the benefit of other senators present, it might be worth reminding people that the eligibility rule varies in the sense that it is 20 years service—the life of seven parliaments—and, in the case of ministers, you multiply the years of service by three. It is important that we notify members and senators when they qualify because there is an immediate entitlement.

**Senator FAULKNER**—Did you come prepared to answer a question from me about my own eligibility or any other members of this committee's eligibility or do you just have a long list?

**Mr Gavin**—No, it is just good practice to do things like that—only to get it right, usually.

**Senator FAULKNER**—The good practice is limited to whom—all current serving members of parliament? Do you have the key dates for them, or just members of this committee?

**Mr Gavin**—Members of this committee.

**Senator FAULKNER**—The ones you are likely to run into on any particular given day. I was just impressed that you had the key date there.

**Mr Gavin**—It is good practice when coming to a committee to check out things like this. The answer to your question is, yes.

**CHAIR**—When do I get mine, Mr Gavin?

**Senator FAULKNER**—Now that you have embarrassed me so much, Mr Gavin—

**Mr Gavin**—I am sorry about that.

**Senator FAULKNER**—No, that is all right—I can live with it.

**Senator BRANDIS**—You have succeeded, Mr Gavin, in doing something I have never been able to do—that is, to embarrass Senator Faulkner.

**Senator FAULKNER**—I do not think I look too embarrassed, do I, Senator Brandis? I just want to know why you had that date at your fingertips, that is all.

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**Mr Gavin**—It is exactly as I said.

**Senator FAULKNER**—You thought you might be able to throw it in at some stage?

**Mr Gavin**—No, I thought it was important to know who on the committee may or may not have qualified, that is all.

**Senator FAULKNER**—Okay.

**Mr Gavin**—If I could go back to your question—

**Senator FAULKNER**—That was my question, so there is no need.

**Senator BRANDIS**—Don't worry, Mr Gavin, he is just being playful—he does that.

**Mr Gavin**—Our reason for advising sitting senators and members when they click over is that the spouse of the sitting senator or member has an entitlement prior to the retirement.

**Senator FAULKNER**—Yes, that is right. That is quite clear under this.

**Mr Gavin**—Yes, and that is why we do it.

**Senator FAULKNER**—It would be the legally married spouse?

**Mr Gavin**—That is true.

**CHAIR**—Thank you very much, Ms Mason and Mr Gavin.

**Mr Gavin**—Chair, before you close, might I supply the committee with information that Senator Faulkner requested.

**CHAIR**—Yes. Senator Faulkner, Mr Gavin is supplying information for you and the committee.

**Senator FAULKNER**—Thank you. It is not any more key dates in relation to my entitlements, is it? I might say that that was a question that I did not actually ask you—but anyway.

**Mr Gavin**—I thought you eventually asked me the date.

**Senator FAULKNER**—No, I didn't. I actually asked you whether members were informed when this occurred. I am happy with that; you told me something I did not know.

**Mr Gavin**—Was it in relation to Dr Colston that you wanted some figures?

**Senator FAULKNER**—Yes.

**Mr Gavin**—In the period 1 July 1999 to 30 June 2000 the total cost of fares incurred by him was \$5,557.40 and, by his spouse, \$920. In the financial year 2000-01 no costs were incurred. In the period 1 July 2001 to 30 June 2002 the fares incurred were \$992.24, and it was the same for the spouse. For completeness I should add that, while this bill is concerned with the life gold pass—and while, strictly speaking, I suspect your question was—as you probably know, associated with the life gold pass has been the use of Comcar. Dr Colston's costs for the use of Comcar in the period 1999-2000 were \$1,016.15 and in the financial year 2001-02 they were \$212.

**Senator FAULKNER**—So his snout is still stuck in the trough.

**CHAIR**—Ms Mason, Ms Fulton and Mr Gavin, many thanks again for your assistance to the committee this morning.

**Proceedings suspended from 10.51 a.m. to 11.08 a.m.**

**CROSS, Mr Manfred Douglas, Member of the National Executive, Secretary of Queensland Chapter, Association of Former Members of the Parliament of Australia**

**LAMB, Mr Antony Hamilton, National President, Association of Former Members of the Parliament of Australia**

**SULLIVAN, The Hon. Kathryn Jean Martin, Executive Member, Association of Former Members of the Parliament of Australia**

**CHAIR**—I welcome former members of this distinguished parliament before the committee this morning. Do you have anything further to add?

**Mrs Sullivan**—I have a life gold pass.

**Mr Cross**—I also have a life gold pass.

**CHAIR**—Mr Lamb, would you like to make an opening statement before I invite my colleagues to ask questions.

**Mr Lamb**—Thank you very much for the opportunity. I can be a bit more dispassionate than my colleagues because I do not have a gold pass, although I did use my parliamentary medallion to try and get into the MCG once. I went into bay 13, which is the raucous bay where all the people go and I was refused entry and told to go to the members section. I did not want to go to the ordinary members section and have to pay. I thought that was a nice inversion of using a gold pass or, in this case, the medallion.

We have made four points. I am going to concentrate very briefly on the first one, that is, that we reject any retrospectivity applying. We will give the precedent and the argument for that. Also, the changes to existing benefits would not be acceptable. I note Senator Harris's comment that most of the submissions you have received have been to strip former members of all their entitlements after they leave. I think that shows a lack of understanding of what attracts people to parliament and what keeps them there.

I am going to bow to my learned colleague Kathy Sullivan to talk about pro bono work and also Manfred Cross. We want to re-emphasise, as Senator Faulkner said, that the definition of spouse needs revision. We ask the question: what is the purpose of the bill? I can imagine that, from the number of people who want us stripped of entitlements, it is to either to curry favour, gain favour or at least give the public what you imagine they want. We find the changes are not acceptable. I do not think they would be acceptable to anyone in contract service.

Remember that all members of parliament—senators and members of the House of Representatives—are employed by the Australian parliament. When they enter parliament they get paid and so on because there is a contract of employment. When you enter the parliament you are aware of the benefits both while you are serving and post parliamentary life. This should be recognised. In fact one could say—and I will mention this in a bit—that, given the lower pay and the lower benefits enjoyed by others in other national parliaments, you could determine the prescription of the life gold pass and the travel as more of a postponed benefit—one that you cannot use while you are there but afterwards is a sort of make-up.

On the matter of retrospectivity, it is important to recognise that, while it might be legal to pass a bill and strip benefits, you are interfering with a recognised contract of law which is contestable, I would say, at court.

**CHAIR**—This is in relation to pre-1994?



**Mr Lamb**—That is right; exactly.

**CHAIR**—It is in relation to people who accrued the right to earn gold passes.

**Mr Lamb**—I see a precedent, which I will draw to your attention, which came from the submission from Brian Moore, from the Western Australian tribunal—he was there when they did reduce benefits. He says:

The question must be asked as to whether it is reasonable to reduce a benefit that has been granted to a person who had met qualifying criteria at the time of leaving the Parliament. In Western Australia the Tribunal did not alter the benefits to those already in receipt of them.

In other words, they recognised the contract in law and that you do not reduce it—it is a basic principle of employment—even though it might be legal to pass this bill and do so.

It must be pointed out however, that they were not of the magnitude of those applying in the Federal arena.

We will get on to that in a minute. Certainly, you cannot compare Western Australia's size with the total continent of Australia.

We are very adamant. In fact we put this principle before the Tribunal on another matter and they accepted it. In the changes the Remuneration Tribunal made, they were not applied to former members. That is the most important thing. Those in the private sector—all those people who object to members of parliament getting benefits—would be the first to call on their lawyer, their union or whoever to defend their right to maintain what was in their contract of employment while they were serving that job. The changes are not acceptable because members are not overpaid.

I noticed an article in the *Sunday Age* on 4 August called 'MPs Well Off? A Bit Rich', where political correspondent Brendan Nicholson says that Australian MPs are not wealthy by international standards. He says that when you work out the differences between the salaries paid, the benefits, the exchange rates and buying rates, Australian parliamentarians receive basic salaries slightly less than their equivalents in many developed countries around the world and significantly lower than those in some. Two things we do miss out on include the bike allowance, which the members of the House of Commons and the House of Lords get if they ride their bikes while on parliamentary duties.

**Senator BRANDIS**—Is that still extant since the death of Lord Hailsham?

**Mr Lamb**—Actually it has been increased from 6.2 pence per mile to 6.9 pence per mile. The one that we are really missing out on is also mentioned in 'Latest Perk Lifts Spirits of Euro MPs'. It says that the long list of perks enjoyed by Eurocrats and those in the European parliament includes a Viagra allowance. As a pharmacist, I should point out that Viagra has benefits for males and females, so it is not a sexist one but it seems only the males are getting it. They are the sorts of things which I use for humour, but to illustrate the point that one cannot look at just travel entitlements or things like that—it goes to much more.

Another very good article is entitled 'Public v private: The great salary divide' in the *Financial Review* of Saturday, 10 August. When it is said that entitlements should be taken from members of parliament, this is something that should be a concern for Australian voters. The point is made that those in the private sector get millions of dollars a year for their salary and are able to enjoy bonuses and so on, which are not given to Australian parliamentarians for good performance. The article states:

In an era where corporate leaders in this country are earning seven-digit salaries, the growing disparity between public and private sector—

they are talking about the Public Service but, of course, MPs are public servants too, in the same public sector—

is like the punch-line to a bad joke. Disturbingly, it could be that one about paying peanuts and getting monkeys.

I am not going to go into that one, but it is a matter that does concern the Australian voters. When people decide to go into parliament, they do it for reasons of wanting to change the world, do the right thing by the public et cetera, but all of them must have an eye on the fact that they have families and responsibilities. If it is underpaid and there are no benefits, why bother? That should be kept in mind.

There have also been articles recently on the impact on the lives of MPs and their spouses, their marriages and their children. I went through this. All of you have experienced that. It is not a life to be compared with those working in cubicles in an office, in offices or in private enterprise. It is so very different. This is thrust upon us. It is so easy to dismiss it and say, 'You made the decision to enter parliament. You should have known.' Of course, you do not know until you experience it. That is why I emphasise that those travel entitlements, after 20 hard years, or eight parliaments, are really postponed benefits. They are a make-up for the ones that are not remunerated while you serve that life.

The other thing the public should be aware of—we certainly are—is that while we compare the life, the remuneration, the benefits of a member of parliament with that of the private sector, the size of the responsibilities of Qantas and energy bodies, and so on, pales when you think of the size of the biggest business in this country, federal government, which is the federal parliament's responsibility. It is the biggest business and it affects everybody, not just some—not just rail travel, not just energy users but every person in this country. We are talking about a unique business, a unique job, and therefore comparisons with others should be put to one side. They are the two things we really worry about. We think that retrospectivity is against all the principles of contract employment and, therefore, this bill should not be retrospective. I have also stated the reason for the gold pass and travel entitlements being given as a postponed benefit.

Finally, before I pass to former senator and House of Representatives member of parliament, Kathy Martin Sullivan, the definition of 'spouse' is too limited. You have to be legally married. I think this point has been made very well by Senator Faulkner. In a way, it is almost a moral definition of what a relationship between a couple should be. We believe that it should be as it always has been in the definitions, and we believe that those definitions given by the Remuneration Tribunal recognising the benefits should be continued. I may have some other comments afterwards.

**Mrs Sullivan**—You will forgive me for making a personal observation at the beginning. It is almost 28 years to the day since I first sat in a Senate committee hearing and that was when I was a senator taking evidence on the education for isolated children in Australia.

**CHAIR**—Welcome back.

**Mrs Sullivan**—I never thought I would ever be back on this side of the table. I made the statement about being a life gold pass holder, after you had invited me to name myself, because I formed the habit of declaring personal interest when I was about to make some statement on the *Hansard* record. I am not here to put forward whether people ought to have unlimited or 25-year access.

I will tell you a little story; you will not mind me telling this story, I am sure. I received a letter signed by one the witnesses you heard from earlier, stating that he only heard about it

when he retired—and you do not hear until you retire about your life gold pass entitlements. For example, I qualified for a life gold pass with the March 1990 election and I retired in October last year. But sitting here today, listening to the evidence, I have learned for the first time that my husband has a life gold pass travel entitlement. You are told nothing about it for as long as you are a member of parliament. The letter I got was wrong because it told me that I was entitled to 18 trips during what was then the present financial year. I rang up and said, ‘I’m sorry, I am actually entitled to unlimited travel,’ because I qualified before this limitation came in; I qualified before January 1994. I made this statement at the time: ‘It’s highly unlikely that I’ll use 18 trips in a year’—which is what I was told—‘much less 25 or an unlimited number, but it is a matter of principle.’ Frankly, this is about principle.

I have always believed, Senators—I do not mean to be patronising, but this is something that I learned, I guess the hard way, as a member of parliament—that it is always a good idea to look at the facts when you are told something by government and government ministers. I am in no way reflecting on the people who have been the ministers in this but, when I was a member of parliament, I saw cases where ministers, in good faith, would put certain facts about precedents and one thing and another to party committees and the parliament and, if you actually went and looked at the list of bills they gave you, you might get a somewhat different slant on it.

I did think it was necessary to get some facts on this, and I got out some figures. I am a little nonplused by certain things you have been told today. I say that because of the figures we have been given and to which I want to refer in my evidence today to try to illustrate something to you.

**CHAIR**—Could I interrupt quickly? We are constrained a little by time and we have quite a few questions.

**Mrs Sullivan**—We started early, didn’t we?

**Senator FAULKNER**—I raise a point of order, Mr Chairman. There may be a good reason for you to ginger up the witness, and I have listened to her. But normally we do not do that; we allow the witnesses to present their opening statements. You and I both would defend the right of witnesses to do that.

**CHAIR**—Absolutely. Mrs Sullivan, I am sorry to interrupt and I will give you the call back in a second. But I would make everyone aware that we would like to finish by about 11.45 a.m. or 11.50 a.m., and there will be several questions, I think, from all of us. Perhaps we can just keep it tight to allow for questions.

**Mrs Sullivan**—I was in the middle of making the statement that the financial information that we have been provided with is payment of travel entitlements, 1 January to 30 June 2001 and then 1 July to 31 December 2001. A little bit of evidence given prior to ours cast a doubt on whether the figures that I have are absolutely accurate. But I am just telling informing you of the source of my figures, in case there is any question in the future about whether the facts we give you are accurate.

Reference has been made—I want to make quick reference to it and put my comments in this context—to community concern that has been expressed on the matter of unlimited travel for gold pass holders. The source of that concern, in my view, would be certain reporting of it in the press. The facts I am about to present to you are, in some sense, a response to reporting in the press, and there may be other facts that are relevant. But I have taken out the range of the sort of money that is involved. I am talking not about prime ministers or widows at the moment. If you look at prime ministers, when you think of them being prime ministers, in

terms of their travel, they use virtually nothing. So I am not referring to prime ministers and widows; there are no male surviving spouses yet. Of the 142 people who come into the category of having a life gold pass entitlement, 132—that is, 93 per cent—in the period I am referring to used less than \$20,000.

To put that into context, a very unique event occurred in that period—and, if you go through the figures with a bit of a microscope, it is even more revealing—namely, the centenary of the Australian parliament, with a very large number of former members travelling to Melbourne. In fact, I saw a very large number of them. Going through the list, it occurred to me that the sums of money that are in there for many of them can be totally explained in terms of a trip from their home—as I know where their home is—to that destination and back, with a spouse. For others, it would be explained by that trip plus one trip to Canberra for 9 May. I asked the airlines for information on actual fares and I was told—I had to do this on the Internet; that takes so long, you cannot take much out—that a return Brisbane to Canberra business class ticket costs \$1,100. You have to understand that the figure appearing next to the name of a member or a former member includes travel by a spouse as well; it is not just by the member but also by the spouse. You then start to build up the picture that former members and senators who are life gold pass holders do very little travel.

Perhaps I can go on to address those who travel for more than \$20,000. You would find that nearly all of them come from remote areas. I would ask you to bear in mind that most of them are doing pro bono work. If you do pro bono work, I have discovered that you travel to Sydney, Melbourne and Canberra. So, if you do not live in Sydney, Melbourne or Canberra, you are going to incur many more air fares. That is something that the Western Australian submissions do not address. It is also something that the press did not look at when they did their job on Sinclair. Every time he went somewhere, he had to travel from Tamworth—I understand that he was travelling with his wife most of the time, and so divide by two in his case—and you have to understand that commuter travel is very expensive.

In summary, my case is that there is a danger in retrospectivity. There is a case for retrospectivity, but there is probably virtually no, if any, financial benefit in doing so. If you look at the figures, it then just looks like a piece of window-dressing. Therefore, you have to decide whether there is a case for introducing retrospectivity, because it could have other implications.

**Mr Cross**—I have been the recipient of a gold pass and I have been using it since I retired from the parliament in 1990. So I have watched the systems being developed. I would like to congratulate the Department of Finance and Administration for the way in which that surveillance of those systems have been substantially improved, particularly over recent years. I think that is important for the integrity of the system, for the claims made by those with gold passes and for those presently in the parliament who, presumably, in time will qualify for a gold pass. I have been looking at the system over the period, and I support what Kathy Martin has said about distance. Some people intend, when they retire from the parliament, to use their entitlement perhaps a bit more in the first few years to do the things they have wanted to do but not been able to do while they have been in the parliament. But the person who lives in North Queensland, for example—and 10 years ago the person using the travel the most lived in North Queensland and travelled to Sydney quite regularly—would incur a much greater expense.

If my wife were giving evidence about spouse travel, because that has been mentioned, she would say—and this is the experience of members—that she was at home when we had small

children and came to Canberra perhaps once or twice a year. There would be times when she did not come in a single year because she was minding the home fires and that sort of thing. She regards the spouse entitlement as some compensation for all of those opportunities that she was unable to take. Of course, in the days when I came into the parliament the entitlements were much more restrictive. Finally, I am concerned by a paragraph in the submission of Mr Cochrane from the National Audit Office. On page 3, at the end of the second paragraph, he said that the bill:

... would appear to exclude from Life Gold Passes access to travel services provided on demand such as COMCAR.

We are in the business of making a submission to Comcar about those entitlements. So, if this bill rules that submission out, we would regard that as being very negative.

**Mrs Sullivan**—It is a submission to have been raised with respect to Comcar.

**Mr Cross**—Yes.

**Senator BRANDIS**—Mr Lamb, I will explore briefly two topics with you. I challenge the utility of your comparison of parliamentary remuneration and entitlements with those able to be earned in the private sector simply because, I put it to you, it proceeds on a false premise. Nobody, or at least nobody who is any good, comes to this place to make money. I cannot think of any decent professional person, for instance, who would not be making a lot more money practising their profession than being a member of parliament. Surely the more appropriate comparison is with other public sector wage earners, senior public servants or public servants at appropriate gradations in the hierarchy. Like members of parliament, many of them probably could earn a greater income in the private sector but choose not to for a variety of reasons, including public service. Perhaps you might like to comment on that proposition. But it wearies me to hear this comparison between private sector remuneration and parliamentary remuneration, because it seems to me not to be the issue at all.

**Mr Lamb**—I beg to differ with you, because where do we get our MPs from? Ideally we would like to have a microcosm of the Australian society sitting in the two chambers here, and that is overwhelming the way it is in the private sector. However, the processes of preselection et cetera narrow it down. Nevertheless, if we do not reward those who work in the biggest business appropriately, they will not come here. You will be denied the younger people and certain expertise and you will get older people who have already got a pension or something like that—just to draw the comparison—and you are going to have a very unrepresentative sort of membership in the Australian parliament. I cannot see why you would want to draw everyone from the public sector, if that is what you mean.

**Senator BRANDIS**—No, I do not mean that at all. My point really is a rather different one, and that is financial incentives are seldom, if ever, an inducement to a political vocation.

**Mr Lamb**—Right. Let us go back a century; people used to be from the nobility and so on, and it was not a consideration for them. As I said in my opening remarks, people may well enter this place for reasons such as wanting to change society and improve it and so on. But I also said that, at the back of their minds, a lot of them are saying, ‘Okay, but if I go there, the life will be different.’ Remember that members of parliament were not paid in the 19th century—I am sorry, I have gone on to speak about the 19th century; one forgets that we are in the next century—and so you got a very unrepresentative parliament.

I do not believe people come here just for intentions of improving society. They are not mad, they are not crazy and they are not driven. They are people who are rational and realise that they have families—most of them have families when they come or, if they are younger,

they will come to have families and responsibilities. They keep their eye on that. But, more importantly, society recognises that people who do go into parliament, if they do not consider those things, will very soon do so in that extraordinary, unusual and individual life that we have here. Society should recognise that. It is society that pays the bills and that should give these postponed benefits if it is not prepared to pay the sorts of rewards, perks et cetera that there are with other parliaments.

**Senator BRANDIS**—The other question I wanted to ask you was really about the whole point at which the entitlement to a Life Gold Pass ought to accrue. I will put a couple of propositions to you and invite your response. I think most people accept that former prime ministers or senior ministers, who are legitimate public figures, ought to have some degree of recognition in their post-political life. Then there are people who may have served for a very long time in this parliament, perhaps as backbenchers with great distinction, and in their post-political life engage in socially useful and charitable works, and in doing so bring to bear the skills and knowledge they have learned as members of parliament. I think Mr Cross, who I know is the chairman or vice-chairman of a number of distinguished community organisations in this country, is an example of that. All parties have these and I am not going to mention names, but what about the hypothetical case—

**Senator FAULKNER**—Leave the names to me.

**Senator BRANDIS**—I will leave the names to Senator Faulkner, but take the hypothetical case of a person who comes here, sits on the back bench for more than 20 years and is remembered after all that time for nothing more than a list of trips as long as your arm and for the length of their service. In their post-political life they do not contribute in any significant or useful way to public life or charitable activities within Australia. Why should such people be entitled to that sort of benefit in their post-political career?

**Mr Lamb**—I am surprised you are concentrating on a hypothetical individual case which in your own words is one or two—

**Senator BRANDIS**—I did not say it was one or two. I say that there are such cases; all parties have them, I suspect. But I do want to take it as a hypothetical case. Why should a person whose political service has been marked by mediocrity rather than distinction be entitled to post-political recognition like a gold pass?

**Mr Lamb**—I see what you are getting at, Senator. You want the parliament to bring out a report card. The clerks of the chambers might actually fill out the report card and then people might qualify because of the number of times they spoke, the number of times they made interjections, the number of times they asked a dorothea dixer. No, I cannot go down that track. I am not worried about the hypothetical things; I am worried, and I know society is, about the sorts of people who are attracted to parliament. You cannot single out those in regard to whom you do not know what is going to happen from day one when they take the affirmation or oath and from the time they retire from this place. I am not going to comment on one individual hypothetical case.

**Senator HEFFERNAN**—You said earlier, Mr Lamb, that this is a benefit that accrues after you leave parliament. Given that the lifestyle of a parliamentarian involves a lot of travel and this is a benefit for more travel, do you think it could be an inequitable benefit, because some people get sick of travel and want to go home and stay there, yet this benefit accrues to people who are travel conscious? Do you think it is equitable for the people who do not want to travel?

**Mr Lamb**—Mr Chairman, can I refer this to Kathy Martin, because I am not in that position. It might be better if she answered that.

**Mrs Sullivan**—You are absolutely right, Senator. If you have been here long enough to qualify for a gold pass and done the sort of travel involved in qualifying for a gold pass, the last thing you want to do when you retire is travel. But the fact is that you do get invitations from worthy organisations in the community that you want to support. I have undertaken a number of trips. My husband has accompanied me on only two. The last he wants to do is travel; he would rather stay home. But it is nice that on occasions you can travel. That is the point.

If you look at the amount of travel, taking into account the matter of distance, you will find the people who travel most are the ones who are most recently retired and who have ministerial positions because they have those sorts of connections and can serve a purpose. For example, I am on the national council of Australian Volunteers International—the largest overseas aid organisation in Australia providing overseas volunteers. I was parliamentary secretary for foreign affairs. I was responsible for the aid program. They see value in having me there, and there is some value. And I am delighted to give whatever expertise I have in whatever context I have in their service, and there are others.

**Senator HEFFERNAN**—I accept all that.

**Mrs Sullivan**—It is not the travel that you focus on. The last thing I wanted to do this morning was to get up at 4 o'clock and come to Canberra. I really thought I had given up this weather, but you do it for the same reason that you come to parliament.

**Senator HEFFERNAN**—I just wonder how you reason in your own mind that this is a benefit that accrues fairly after you leave parliament. But about the poor bugger that does not travel? How does he get equity out of this benefit?

**Mrs Sullivan**—You mean the ones who will qualify?

**Senator HEFFERNAN**—Should there be a cash—

**Mrs Sullivan**—No.

**Senator HEFFERNAN**—Use it or lose it.

**Mrs Sullivan**—It is there to enable you to serve. If you are going to do that—and it involves travel—you can be accompanied by your spouse. That is the way I see it. There may be other members but, if you look at the usage, you will find that the older members—and a good number of those 142 are quite elderly—do not travel at all. It is something that the younger, more recently retired members are likely to do for the reason that I gave you.

**Senator FAULKNER**—Mr Lamb, is former Senator Colston a member of your Association of Former Members of the Parliament of Australia?

**Mr Cross**—I would like to answer that. The answer is no. He was approached by our national secretariat to join and he wrote to me, as I am the secretary of the Queensland chapter, to say that his health is such that he did not expect that he would ever be able to participate in the association, so he declined.

**Senator FAULKNER**—When you said, 'No,' I was hoping you were going to say that you had some standards applying to membership as opposed to actually offering him membership, so that disappoints me, Mr Cross. But nevertheless, it does add credibility to your association in my mind that he is not a member of yours. I do not know about the hypothetical example that Senator Brandis gave. I do not know whom or what he had in mind. But let me say this: there is an issue when we talk about or examine a former parliamentarian who has abused

their entitlements. That is a distinction I would draw because parliamentary performance, whether someone is a time server, is all in the eye of the beholder really. That is the point that you made and I think it is a fair enough point for you to make. I might consider someone to have had a less distinguished parliamentary career and my view might differ strongly to the view of others. Some people may say that I have had a very undistinguished parliamentary career and they may well be right. But the special case I would point to is the entitlement abuser who brings discredit on all of us—former parliamentarians and currently serving parliamentarians. If I were you, I would not offer membership to someone like Colston. I would not degrade myself by doing so. I have received an answer to my question: mind you, if you look at the *Hansard* there may well not be a question mark at the end of what I said; there may just be a full stop.

**Senator HEFFERNAN**—Is Dr Theophanous a member?

**Mr Lamb**—I do not recall him joining.

**Senator FAULKNER**—I hope you do not invite him to join.

**Ms Sullivan**—Questions were asked in this context today about audit. We are subject to the same auditing and probity as members and senators. If you are going to make assumptions that people are likely to lie, then you have to make assumptions that serving members and senators are just as likely to lie. They are not reasonable assumptions. If they have to certify something, I think you accept that a person tells the truth when they certify—until they are caught out—and nobody has any problem with the checks and balances that are put in. My point was that it probably does not really matter about the travel; the point is that, for the first time, you have introduced retrospectivity and taken away an entitlement. And that worries people, particularly when they are retired and do not have the opportunity to go back and start their working lives over again; they feel very vulnerable. The purpose of what I was saying earlier is that, once you have established that precedent, ministers will use that precedent for something else. There is nothing surer.

**Senator FAULKNER**—I think you raise a very important point there. I would like your comments—or those of one of colleagues—on this as representatives of your association. I accept the point that you make there, if it is that transparency is very important in terms of ensuring that entitlements are not abused. I think the integrity of the vast majority of currently serving members of parliament and former members of parliament—from all sides of the political fence—is beyond question and I would be the first to say so. But the problem is that, of course, the actions of one or two bring discredit upon all of us; and by ‘us’ I mean both former and currently serving members of parliament. First of all, I would be interested to hear whether you accept that that is case. Colston is a classic example of a veteran entitlements abuser. He has brought great discredit not only upon himself but also upon parliamentarians in the broad.

**Senator BRANDIS**—It is your party that put him into parliament.

**Senator FAULKNER**—Yes, that’s right. That is absolutely right, and I acknowledge that. The second part of my question goes to the important issue that the more transparency there is the more the Australian public understand the nature of entitlements, how they are being used—or misused, if they are being misused. That level of transparency will certainly lead to less misuse of those entitlements. I think that is a very important principle. I have certainly supported any moves by the current government or by previous governments to ensure that there is maximum transparency: tabling in parliament of details of entitlements’ use and the like. I would go further than the situation we currently have. I think that has been a very important step forward. Would one of you care to comment on those two issues? I think they

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are at the crux of this debate and, frankly, I think they tend to support what you were saying, Mrs Sullivan.

**Mrs Sullivan**—I find it difficult to comment, given that I have not actually been convicted of anything. Somebody else has been convicted of something and has done time, and we were properly dismayed to discover that he still had certain entitlements when he came out of jail. But that is the reason for part of my—

**Senator FAULKNER**—He will not under this legislation.

**Mrs Sullivan**—No; that is right.

**Senator FAULKNER**—Do you think he should?

**Mrs Sullivan**—No. We have not discussed this, but I have no difficulty in extending the same principle that relates to superannuation to Life Gold Pass entitlement; bringing that into line for someone who has been convicted of an offence. On the second point, Senator Murray and I have had some correspondence. I was one of the people who got a letter from DOFA saying I had not certified certain things. A question Senator Murray asked unearthed that piece of information. I was quite startled to discover that I had not certified something. I answered the question as best I could and then wrote a letter to Senator Murray explaining, as best I could, how I was surprised to know that I had not and how it could have come about that it could be said that I had not. In fact, I did not agree that I had not. Pieces of paper have fallen off the wrong end of desks in DOFA in the past, but that may not be what happened; I do not know. Transparency is to be welcomed—

**Senator FAULKNER**—I always prefer, if that happens, Mrs Sullivan, for it to fall into my hands!

**Mrs Sullivan**—I am sure I am sorry I did not arrange it, because it would not have entertained you for very long!

Transparency is good: as much transparency and as much reporting as possible is fine. My worry is what then gets reported as far as the public is concerned. You might have information, but what does the public get? I go back to the reporting on the Life Gold Pass travel last year and that concentration on Ian Sinclair without any explanation of all the good works that he and his wife do in the community, which would have been the explanation of a good deal of their travel, I am sure. But that is the way it is. You see, we are more vulnerable than you: when I was a member of parliament and I had mud thrown at me, I could stand up and at least get it on the record somewhere. Now I cannot. People can throw the mud—and they throw it with the same vigour at former members as they do at serving members and senators—but you are now voiceless. If you guys will not stick up for us, who will?

**CHAIR**—Thank you, Mrs Sullivan.

**Senator BRANDIS**—I do not think it is the role, though, is it of members of parliament to ‘stick up for’ former members of parliament?

**Mrs Sullivan**—‘Tell the truth’, then Senator—I shall amend my answer.

**Senator BRANDIS**—Surely it must be very unattractive to members of the public, who are sceptical of politicians are the best of times, to imagine that there is some kind of clubby arrangement of looking after each other’s interests. I, myself, find that very disquieting.

**Mrs Sullivan**—I phrased it badly. I should say, ‘If you as senators follow exactly the same prejudices as certain members of the public are inclined to—a la the letters that have apparently been written—then we really do not have a voice.’ I used to say quite often in my speeches that the role of a member is to give voice to the voiceless.

**Senator FAULKNER**—But you have a voice, Ms Martin; what you do not have—Mrs Sullivan, I am sorry; I am now adopting Mr Lamb’s terminology.

**Mrs Sullivan**—It is a little pet term people have for me—and Mr Cross, you might have noticed.

**Senator FAULKNER**—Mrs Sullivan, I would respectfully suggest to you that you have a voice; what you do not have is the benefit of parliamentary privilege.

**Mrs Sullivan**—I do not have the benefit of *Hansard* to have it on the public record, except here, today. That is the difference. You can always make a personal explanation—

**Senator FAULKNER**—If you are not defaming anyone, you do not need parliamentary privilege.

**Mrs Sullivan**—But you can make a personal explanation. If you are reported in the press as having behaved in a certain way or said a certain thing, you can make a personal explanation and it is on the public record. It may not be carried in the press, but it will not be repeated by other areas of the media.

**Senator FAULKNER**—You must be more sensitive than me, because I make very few public—

**Senator BRANDIS**—That is the same as any other citizen. Once you are no longer a member of parliament and you are back to being a private citizen, why should you have rights other than other private citizens?

**Mrs Sullivan**—My point is: we get the same sort of mud thrown at us, we get the same sort of misreporting as members of parliament do; we are not getting ‘other citizens’ type of treatment. We are talking about the treatment of retired members of parliament at this hearing.

**Senator MURRAY**—I had just one area of questioning. I am interested in this pro bono charity work idea. That really takes it away from a perk and says that you are doing a job and the government is paying for a job.

**Mrs Sullivan**—Helping you.

**Senator MURRAY**—At least making a contribution to it.

**Senator FAULKNER**—You are not thinking of post-parliamentary career options are you, Senator Murray?

**Senator MURRAY**—I think my post-parliamentary career options are somewhat difficult. The question I would put you is this. The previous government and this government have both developed the principle of exposing hidden subsidies; for instance, if you are going to make a tax concession or a tax deduction, it is available and people understand what it means. When we in our parliamentary lives have to claim TA or travel, as you know, there are various categories: parliamentary business, committee business and so on. Would it be helpful if future claims from former members and senators were classified? In other words, if you were claiming because you were doing charitable work, you would claim under that section; if you were claiming to attend official functions, like the centenary celebrations where you are invited in your former capacity, you would claim under official functions; and if you were just claiming it as a perk because you were travelling somewhere else under the entitlements, you would claim under that. If the validity of your case rests on the fact that you do good works and being helped with that is in the public interest, really, if you can substantiate that, it improves your case.

**Mrs Sullivan**—I would not say that that was the validity of my case; it was an attempt to explain to Senator Heffernan why anyone would travel after they left this place. I was saying that I think you would find it is a major factor for most members. It is a hard one to take on the run, but can I just say this: you give the example of members and senators claiming TA and having to give a reason. We do not get any TA; we get airfare and travel between the airport and destination. If members and senators had to explain every air trip they took without TA then they would be on the same level.

**Senator MURRAY**—That is not a bad idea. Frankly, I do not reject that as an idea; I think it is a good idea.

**Mrs Sullivan**—If it is consistent. I think you would find most people would.

**Senator MURRAY**—What is good for the goose is good for the gander—make no mistake.

**Senator HARRIS**—I would like to direct a question to Mr Lamb, and it relates to his earlier statement about contract at law. My question to you and your colleagues is: based on the fact you are elected—as a person walks into a polling booth they transfer their free man and woman's right of self-government to you as an individual—is your contract at law with a government department or the people who elect you?

**Mr Lamb**—There are two answers to that. If we are looking at the argument of retrospectivity being a breach of contract then the employer is the Parliament of Australia. However, that representative is ultimately answerable to the people, and the will of the people will make or break the employment continuity. But the actual employment is with the Parliament of Australia.

**Senator HARRIS**—With the greatest respect, I totally disagree with you. I believe that your contract at law is with the person who elects you to the position to represent them. Therefore, if the people who have elected you then give a very clear indication that the contract should be changed, where is your objection to retrospectivity?

**Mr Lamb**—I said earlier that it is completely legal to make the changes retrospective. However, I still think that it is a breach of contract of employment, and I will stick by that statement. It is possible, through the elected representatives, to make it retrospective through a legal bill or an act. However, I still think it is a breach. The principle remains. I recall to you once again the advice to the Western Australia tribunal. When they changed it, they refused to make it retrospective. While they did not say it—they are tacit on this matter—that was on the principle that retrospectivity is wrong as a contract of law.

**Senator BRANDIS**—Mrs Sullivan, I did not quite follow your answer to Senator Murray's suggestion that perhaps where a former member of parliament is engaged in charitable or other good public works that travel ought to be on a case specific basis so that the entitlement can accrue upon achieving a certain threshold of satisfaction as to the public benefit of the travel. It seems to me that that may be a basis upon which we could tighten the system further to eliminate from its benefits the timeservers who use the travel as a personal indulgence. Do you agree with Senator Murray's proposition?

**Mrs Sullivan**—I do not know that I agree with your conclusion because I think you need to look at who is actually doing the travel and what the travel is for. I do not think you would find that your assumption is justified. As I understood it, Senator Murray's question was in the context of members and senators having to attest to certain conditions of travel before they could claim TA.

**Senator MURRAY**—They have to identify a—

**Mrs Sullivan**—That is right. I have been through all of that. You are either travelling to parliament or you are on a committee hearing, a party committee, or something like that, and there are limitations. There are very specific rules set down by the Remuneration Tribunal—how much is paid and what qualifies you. There is no TA, first of all. You travel at your own expense if there is accommodation involved. It costs you money to do the travel. So it is not a parallel. The second thing is that there is a lot of travel that members and senators do that is never vouched to anyone, which is what the Colston issue is, and other issues have arisen. Who is to say that members and senators are not travelling for personal business reasons but not claiming TA but they can claim the airfares? And the Comcar: who knows? You do not have to vouch what you are travelling for. That was my answer, that there was not a direct parallel. It is not a question I would want to take without notice—the president might, but the association has never considered that dimension.

**Senator BRANDIS**—All I want to know is whether or not you agree with what Senator Murray put to him.

**Mrs Sullivan**—I said—

**Senator BRANDIS**—Yes or no?

**Senator FAULKNER**—Come off it!

**Mrs Sullivan**—I am here on behalf of the association.

**Senator FAULKNER**—Point of order, Chair. Senator Brandis, who tells us he was such an eminent barrister—

**Senator BRANDIS**—Far from it.

**Senator FAULKNER**—It seems to me he might be leading the witness, putting a few words into Mrs Sullivan's mouth—a yes or no answer. What he fails to remember—

**CHAIR**—Senator Faulkner, Mrs Sullivan is capable of looking after herself.

**Senator FAULKNER**—That is my point of order, Chair. Senator Brandis fails to remember what a very experienced parliamentarian Mrs Sullivan was. I am sure that she will answer the question as she sees fit. Senator Brandis has had far too many cups of coffee! It has had an impact on his behaviour.

**Senator BRANDIS**—I have had far too many conversations with you, Senator Faulkner.

**Senator FAULKNER**—That can have an effect, too.

**Mr Cross**—Can I comment on the general question of classifying people. That is quite difficult to do. I met people at the airport or at meetings of our association sometimes and they are obviously still involved in some rural activity, some conference, some association that they belong to in their work as primary producers and the like, and they like to go along annually on that basis. Most of the travel that I do is on association business because I am the secretary of the Queensland chapter. We have two executive meetings a year and we have an annual parliament day in May. Apart from that, in the last six months I attended the funeral of a deceased colleague and I was the only person representing the parliament at that funeral. I get—you might say—invitations to make an intellectual contribution to conferences and the like talking about the parliament. I accept those things in Brisbane, but I try to use the entitlement sparingly, as most people do. The idea of being able to classify it would absolutely be an administrative nightmare. I support what Senator Faulkner said about transparency. This association supports transparency because the continuation of these rather special entitlements depends on people satisfying that all is well. The only other comment I would make is that the

activities of the former Senator Colston that have been referred to did not take place when he was a retired member of the parliament.

**Senator FAULKNER**—That is very important.

**Mr Lamb**—I go back to the reference that the scheduled transport service will not include, according to the ANAO, the travel from home to the transport. I think that should be reviewed. I think we should look at it. I cannot imagine how you are going to provide travel entitlements to people but not from their home. Some of them are old, some are elderly, some have luggage and all the rest of it. If that is cut out—retrospectivity—a principle applies. I think you should look at that. Finally, I hope all of you will qualify to be members of our association. The alternative is terrible to contemplate.

**CHAIR**—Thank you very much, Mr Lamb. Mrs Sullivan, it is good to see you; thank you for coming. Mr Cross, thank you very much.

[12.07 p.m.]

**MOORE, Mr Brian James (Private capacity)**

**CHAIR**—Welcome. Before I invite my colleagues to ask you questions, would you like to make an opening statement?

**Mr Moore**—Thank you. I recently retired, and that is why my submission comes privately. Basically my submission relates to the 18 years work I did for the Salaries and Allowances Tribunal in Western Australia, and it really concerns the background material that I gained during that time. I have said it is private because I do not know that the statements I make will necessarily be supported by the Western Australian tribunal. I am still in constant contact with them, but I thought it was better if I put the submission as a private person rather than on behalf of the tribunal, because I am not part of the tribunal.

**CHAIR**—The thrust of your submission is that post-retirement entitlements in Western Australia are too generous. I suspect that may extend by analogy to other Australian parliaments. Could you explain why you believe that to be the case?

**Mr Moore**—There were two aspects to my submission. Dealing with the generosity of the scheme, in history—and I have not gone back on the history of the federal entitlements—entitlements seem to have come from a period when the remuneration of members of parliament was more in the form of a reimbursement for expenses incurred prior to remuneration becoming a salary for office held. I suspect that the entitlements started in the early days simply because of members travelling to and fro their electorates and requiring reimbursement for those expenses. Also, as a result of the low level of remuneration at the time, they extended benefits to the members after they left the parliament to enable them to further and foster relationships they had gained within the parliament.

However, in the last 15 to 20 years the level of remuneration of parliamentarians throughout Australia has increased considerably. I can compare the salary level of Western Australian members of parliament to those in the Western Australian public sector. During my period with the tribunal, we increased the salary of a Western Australian parliamentarian from a level 6 public servant to a class 1 public servant. The way that runs is level 6, level 7, level 8, level 9, class 1. That came in two parts. First, it was part of work value reviews that were conducted, the last one being in 1999, which resulted in a 10½ per cent increase in salary for the Western Australian members. Second, if you look in the 1980s—certainly the Keating tax reform included this fact in its reforms—the electorate allowance for members of parliament was required to be substantiated for taxation purposes. Prior to that time, the electorate allowance was deemed to have been spent on tax deductible items and did not form part of the taxable income of a member of parliament in terms of their annual tax return.

I have noticed that since the substantiation requirements on the electorate allowance were brought in there has been a move away from just electorate allowance movements per se to more of a recognition of the work value of members of parliament. Work value studies undertaken for members of parliament in the federal scene and the state scenes place the remuneration for members of parliament higher than it currently is. There is a significant difference in the work value of federal members of parliament to that of state members of parliament. One of my former chairmen, the Hon. Don Willesee, held the view that a federal member of parliament can send you to war and can tax you, whereas state members cannot directly send you off to war and, while they can certainly tax you with state taxes, they cannot impose income type tax.

We have a situation in Australia—and I am digressing slightly here—where, through linkages, there is no discernible difference between the salary of a federal member and the salary of a state member. From my point of view, there should be a significant difference between the two members. If all factors are considered—including sitting days, time away from home and level of responsibility—the salary is lower than it should be. Coming back to the submission, I fail to see where the provision of post-retirement entitlements of a basis of 25 return trips per annum satisfies the work value of members. From my research, I cannot find any valid reason for a number of trips to that extent. Certainly one would expect that former members of parliament who had been long-serving members may have a requirement to return to Canberra or to some other capital city, not necessarily to foster relations that they have had with other people during their term in the parliament but to attend vice-regal and parliamentary functions. I think the fact that 25 return trips are provided really without reason is beyond what it should be in this day and age.

**CHAIR**—That was a very comprehensive assessment of your view and the committee thanks you very much for that.

**Senator MURRAY**—Mr Moore, that was very clear and helpful. One of the things that has concerned me, and perhaps you can assist me, is that I am not aware of any remuneration tribunal in recent times that has examined the two issues which interrelate, and which were referred to by the previous witness—I do not know if you heard that—

**Mr Moore**—Unfortunately, I did not.

**Senator MURRAY**—To paraphrase, essentially they took the view that parliamentarians were underpaid, and retirement perks were, in part, a compensation for that. It seems that there are two issues to do with remuneration. One is the package—I use the word deliberately—of salary plus benefits, such as cars and phones, that applies whilst employed as a member or senator, and the other is the retirement provisions, which, in the case of members and senators, are principally superannuation and travel benefits. To your knowledge, has any tribunal looked at those two groupings in a holistic way and come to a view as to what the proper level should be, in terms of modern perceptions of both reward and work value, as you put it, and the peculiar and particular circumstances of parliamentarians?

**Mr Moore**—The Western Australian tribunal in 1999 was placed in a fairly unique situation, in that the government had reviewed parliamentary superannuation and had indicated that it was going to close the parliamentary superannuation scheme. The Salaries and Allowances Tribunal undertook a work value review of the members of the Western Australian parliament to determine what the current situation was. The Western Australian tribunal has also the jurisdiction to cover the entitlements of former premiers, ministers, office holders and members of the Western Australian parliament.

In 1986, Mr Bruce Collier, a former chairman of the tribunal and a former Chief Commissioner of the Western Australian Industrial Relations Commission, indicated that the post-retirement benefits were too generous in this day and age—along the same lines as the majority of people tend to say that parliamentary superannuation is beyond community standards nowadays. What he did, at the time of issuing a salary increase—bearing in mind that this was during the workplace agreements era, so we were looking at trade-offs anyway in the general public sector and in the work force—was to reduce the lifelong entitlement for members of the parliament who were still in the parliament to eight years and four years, depending on whether they had qualified. No change was made for those who had already retired.

The 1999 review resulted in a 10½ per cent increase and a reduction of the eight years and four years to four years and zero. The tribunal was of the view that anyone who had not qualified whilst they were in the parliament would not receive any entitlement and certainly those coming into the parliament at the next state election would not receive any entitlement. But they covered this, in some respects, with that 10½ per cent increase. From my knowledge, I do not think any other state has a situation where the salary and the retirement benefits fall within the same jurisdiction. That certainly applies, if you really look at it, in the federal scene, where the salary of a federal member is not practically independently determined; it is set as a reference salary to the principal executive officer.

Of course, you then have New South Wales, Victoria, Queensland, South Australia and the Northern Territory all receiving salaries that are linked, by their individual statutes, to the salary of the federal parliamentarian. Tasmania works on a percentage of about 85.19 per cent, from memory, of the federal salary. The ACT parliament and the Western Australian parliament are the only two parliaments where remuneration for members is independently determined. It makes the life of the Remuneration Tribunal in Canberra fairly hard because, in effect, they are virtually setting, with the principal executive officer's salary, every parliamentarian's salary in Australia—bar Western Australian and the ACT. To come back to your question, I do not think anyone other than in Western Australia has looked at that package situation.

**Senator HEFFERNAN**—You might note on your list that Brisbane city councillors, who meet once a week, get \$1,000 less than federal MPs.

**Mr Moore**—The Brisbane City Council?

**Senator HEFFERNAN**—That is right. Everyone should be on Brisbane City Council!

**Mr Moore**—Work value reviews undertaken by the Remuneration Tribunal in Canberra in 1988-89 and subsequent reviews undertaken by the Western Australian Tribunal, using a recognised work value methodology in the Mercer Cullen Egan Dell methodology, clearly show a market value for a member of parliament. No parliamentarian in Australia is receiving what the market would pay for that level of responsibility. Quite simply, it is because of public perception that members of parliament do not do anything and that they are overpaid. Unfortunately, there is nothing anyone can do that will prevent that perception from being held by the general public. When I was at the tribunal, we knew that if we were to cut the salary of parliamentarians, half the population would say that we did not cut it by enough.

**CHAIR**—Mr Moore, the committee thanks you very much for your help this morning. That was a really good assessment of the reasons for perhaps curtailing post-retirement travel, and we are very grateful indeed. We are under a bit of time pressure, but thank you very much for your assistance to the committee this morning.

**Mr Moore**—I would like to say one thing before I go. I also query the right of taking away an entitlement that someone has expected. If this is for the pre-1994 people—

**CHAIR**—Yes.

**Mr Moore**—Presumably, if we look back to the 1976 and 1994 people, their costs will diminish as they get older. I know you can do that, but it seems to me that if someone has earned an entitlement, that entitlement should stay. That was the practice of the Western Australian tribunal.

**CHAIR**—You have a concern about retrospectivity. In a sense, that applies to people who have accrued that entitlement but not to people who have entered into parliament with the expectation that if they serve 20 years that—



**Mr Moore**—Okay.

**CHAIR**—There are two different classes of people, aren't there?

**Mr Moore**—There certainly are. I have no problem with those in the parliament, provided some form of recognition or recompense is given; but for those who have left the parliament with that expectation, I would have thought that it seems a bit rough—even if they are not using it—to reduce an entitlement for someone who had qualified at the time.

**CHAIR**—Mr Moore, thank you very much for your help.

[12.25 p.m.]

**DYMOND, Mr Nigel, Executive Officer, Western Australian Salaries and Allowances Tribunal**

**MEWS, Mr Jeff, Member, Western Australian Salaries and Allowances Tribunal**

**TURNER, Mr Ray, Chairman, Western Australian Salaries and Allowances Tribunal**

**CHAIR**—Good morning and welcome. Thank you for participating by teleconference in the committee's hearing. We have just heard from Mr Brian Moore, the recently retired CEO of the Western Australian Salaries and Allowances Tribunal.

**Mr Turner**—We understand so, yes.

**CHAIR**—Before I invite my colleagues to ask questions of you, do you have any opening statement to make?

**Mr Turner**—Just briefly, one could argue that the issue you are dealing with is inconsistent with the line that this tribunal took on this sort of thing some years ago. We are curious about the rationale behind capping this travel entitlement at 25 trips a year. That is pretty much all I have to say.

**CHAIR**—The committee has your letter and a copy of your attachment which you have provided to the committee, and we thank you for that. I now invite my colleagues to ask any questions they may have.

**Senator MURRAY**—Mr Turner, just on the broad principle, if we look to the future and not to the past—in other words, talk about future parliamentarians—do you think retirement travel benefits are appropriate, given the modern circumstances of parliamentarians and community attitudes?

**Mr Turner**—No. The decision taken here some years ago was to the effect that we did not regard it as appropriate, but, at that time, due allowance for it was calculated and incorporated in a general work value increase in salary. I will ask my colleague if he wants to add to that.

**Mr Mews**—When we made those determinations, we not only took into account future parliamentarians, we actually took a profile of what we regarded as current parliamentarians, considering not only community attitudes but what we saw as the profile of retiring parliamentarians now. It seemed to us that there were more parliamentarians entering parliament earlier and hence retiring earlier and in many cases undertaking significant post-parliamentary careers.

In our determination, we also made the comparison between the reasons given for former parliamentarians maintaining contacts and those applying to other people in the community, such as businessmen and other people of civic prominence. We came to the view that there was no reason to make distinctions. The chairman also mentioned the cost aspect. It was but one of the issues we took into account in the salary determination of that year. As I think you will see from the papers, in that particular year we put the basic parliamentary salary ahead of that of the federal sphere.

We also make mention in the papers that, at the time we made one of those decisions, we had estimated the annual cost to the taxpayer of the then benefit to be about \$10,000 per annum. This is probably not part of the submission of this tribunal but we have noted—and this is consistent with my chairman's question: why cap it at 25? The reason we ask that is—as I think was also mentioned—we are acutely aware of our inconsistency with the rest of

Australia. We are not looking for answers now but we are looking to reasons as to why we might be out of step. We note—and you will appreciate this, Senator Murray, coming from Perth yourself—that the current Perth-Sydney return airfare is of the order of \$2,000, particularly since the Ansett demise. Twenty-five times a year times two is \$50,000, times two is \$100,000—if one takes the spouse into account—and if one multiplies that by 20 years, say, as a residual benefit for retiring politicians, it comes to \$2 million, and that is tax free. That is just a further response to our thought processes in coming to the determinations we have made.

**Senator MURRAY**—I should comment for the benefit of my colleagues here—because, of course, I know who you are—that you have a very fine accounting mind. You have just displayed that. Gentlemen, the understanding I have got from Western Australia is that the tribunal, both in the past and present, has tried to take the view that, as far as possible, parliamentarians should be properly paid or compensated, that they should have a reasonable package for their work whilst they do that work, and that, once they have finished that work, their retirement benefits should be in accord with community standards. Would that be correct?

**Mr Mews**—Yes.

**Mr Turner**—Yes.

**Senator MURRAY**—We have had some justification for Commonwealth travel perks on the basis that former members and senators do pro bono or charitable work—good works. That is a line that is pushed very heavily. Do you agree with me that, if it is the intention of government to use former senators and members for that purpose, it is better for them to provide a specific appropriation for that purpose rather than to bind it up in a loose category of so-called perks?

**Mr Turner**—That requirement of members of parliament is not peculiar to members of parliament, is it, really? I am a retired banker myself and half my retired life, so-called, is spent on charitable work. Would it not be so that, in many instances, the organisation for which you are doing something is meeting at least part of the cost of travel in any case?

**Mr Mews**—And it might be that the way to tackle that would be for those charities and other organisations to get subsidised to provide for their members to travel rather than to give a blanket allowance?

**Mr Turner**—I guess what we are saying is that we would be hard-pressed to identify any appropriate distinction between a retired member and a retired businessman.

**CHAIR**—And if you did want to make allowance for it, you could do it in other ways that were perhaps more closely tied to that work?

**Mr Turner**—Yes.

**Mr Mews**—Yes.

**CHAIR**—Gentlemen, thank you very much on behalf of the committee. We have had some very interesting evidence from Western Australia this morning. Thank you very much for your time.

**Mr Turner**—It is our pleasure. Thank you. Good luck with it.

**CHAIR**—Thanks very much.

**Committee adjourned at 12.35 p.m.**